

2002 MICHIGAN MI-1040 Schedule 1

Issued under authority of P.A. 281 of 1967. Filing is mandatory.

Attach to Form MI-1040. Please type or print in blue or black ink.

Attachment Sequence No. 01

Filer's First Name, Middle Initial and Last Name	► Filer's Social Security Number
If a Joint Return, Spouse's First Name, Middle Initial and Last Name	Spouse's Social Security Number

Additions to Income

1. Gross interest and dividends from obligations issued by states other than Michigan or their political subdivisions	1.	<input type="text" value=".00"/>
2. Deduction for taxes on, or measured by, income including self-employment tax taken on your federal return (see page 14)	2.	<input type="text" value=".00"/>
3. Gains from Michigan column of MI-1040D and MI-4797	3.	<input type="text" value=".00"/>
4. Losses attributable to other states (see page 14)	4.	<input type="text" value=".00"/>
5. Net loss from federal column of your Michigan MI-1040D or MI-4797	5.	<input type="text" value=".00"/>
6. Other (see p. 15). Describe:	6.	<input type="text" value=".00"/>
7. Total additions. Add lines 1 through 6. Enter <i>here</i> and on MI-1040, line 11	7.	<input type="text" value=".00"/>

Subtractions from Income

8. Income from U.S. government bonds and other U.S. obligations included in MI-1040, line 10	8.	<input type="text" value=".00"/>
9. Military pay from U.S. Armed Forces included in MI-1040, line 10 (attach Schedule W). (Include retirement pay on line 12 of this schedule)	9.	<input type="text" value=".00"/>
10. Gains from federal column of Michigan MI-1040D and MI-4797	10.	<input type="text" value=".00"/>
11. Income attributable to another state. Explain type and source:	11.	<input type="text" value=".00"/>
12. Retirement or pension benefits included in MI-1040, line 10. (Include military retirement here.) See exceptions, pages 15-16. Name of payer:	12.	<input type="text" value=".00"/>
13. Dividend/interest/capital gains deduction for senior citizens (see page 16)	13.	<input type="text" value=".00"/>
14. Social Security benefits from U.S. 1040, line 20b or U.S. 1040A, line 14b	14.	<input type="text" value=".00"/>
15. Income earned while a resident of a renaissance zone. Name of zone:	15.	<input type="text" value=".00"/>
16. Michigan state and local income tax refunds received in 2002 and included in MI-1040, line 10	16.	<input type="text" value=".00"/>
17. Michigan Education Savings Program	17.	<input type="text" value=".00"/>
18. Miscellaneous subtractions (see page 16). Describe:	18.	<input type="text" value=".00"/>
19. Total subtractions. Add lines 8 through 18. Enter <i>here</i> and on MI-1040, line 13	19.	<input type="text" value=".00"/>

You must file an official Department of Treasury form for MI-1040 Schedule 1 or a Treasury-approved substitute. You may also file a photocopy of this form.

EXAMPLE A: Computing Pension Deduction

John and Karen Jones file jointly and received the following income during 2002:

Michigan Public School Retirement System	\$12,000
Military Retirement Pay	\$ 8,000
General Motors Retirement Program	\$20,000
IRA Distribution	\$ 4,000

John and Karen are allowed to deduct the entire amount of pension income they receive from public/military retirement systems in determining Michigan taxable income. However, the maximum allowable private pension deduction must be reduced by the amount of public/military pension income claimed as a deduction.

Determining the private pension deduction:

Step 1: Add all public and military retirement benefits together. $\$12,000 + \$8,000 = \$20,000$

Step 2: Deduct the amount calculated in Step 1 from \$74,220
(use \$37,110 if a single filer). $\$74,220 - \$20,000 = \$54,220$

Step 3: Combine the total amount of private pension income including IRAs. $\$20,000 + \$4,000 = \$24,000$

Step 4: Determine which is smaller: the amount computed in Step 2 or Step 3.
The \$24,000 from Step 3 is smaller and is the allowable private pension deduction.

Step 5: Determine the total pension deduction by adding the amounts computed in step 1 and step 4.

Total public and military pension income	\$20,000
Total allowable private pension deduction	24,000
Total 2002 pension deduction. Enter on MI-1040 Schedule 1, line 12	\$44,000

EXAMPLE B: Senior Citizen Interest, Dividend and Capital Gains Deduction

Joe and Susan are both 67 and file jointly. They received the following income during 2002:

Capital Gains	\$10,000
Pension	\$ 2,000
Social Security	\$ 4,800
Dividends	\$ 500
Interest	\$ 2,000

They may deduct the \$2,000 pension on their MI-1040 and the senior citizen interest, dividend and capital gains income as shown in Steps 1 through 3 below.

Determining the interest, dividend and capital gains deduction:

Step 1: Add all capital gains, dividends and interest income:

Capital Gains	\$10,000
Dividends	500
Interest	2,000
Total	\$12,500

Step 2: Subtract pension from the maximum capital gains, dividends and interest deduction of \$16,545 for joint filers (\$8,273 for single filers).

Maximum Deduction Amount	\$ 16,545
Less Pension Subtraction	(2,000)
Total	\$ 14,545

Step 3: Total interest, dividend and capital gains deduction is the smaller of the calculation from Step 1 or Step 2; \$12,500 is the allowable deduction. Enter this amount on MI-1040 Schedule 1, line 13.